



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS**

**THE EFFECTS OF ISLAMIC BANKING ADOPTION ON CUSTOMER
SATISFACTION IN ADDIS ABABA THE CASE OF ZAMZAM BANK**

**BY
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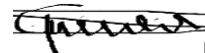
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Acronyms

IBFI – Interest-Free Banking & Finance Institute

IFL-Islamic Financial Literacy

IMF-International Monetary Fund

IOU - Islamic Online University

PLS -the Profit and Loss Sharing

SAW - Sallallahu Alaihi Wasallam

TTG - Teyseer Technology Group

Abstract

The study examined the relationship between Islamic Banking Adoption and Customer Satisfaction in ZamZam Bank of Addis Ababa. The researcher used qualitative and quantitative research approaches with an explanatory and descriptive research design to carry out the investigation. In order to obtain the required data, primary data gathering methods (questionnaires and interviews) were employed. From sample respondents 351 respondents filled up the questionnaire fully and descriptive and inferential statistics were used for analysis with the help of statistical package for social science (SPSS) version 21. The research finding shows adoption of Islamic banking had paramount significance for ZamZam Bank customers. Specifically, risk attitude and religiosity had statistically strong significant effects on customer satisfaction with higher beta value of 0.589 and 0.414 respectively. Additionally, Bank reputation had statistically moderate and significant effects on customer satisfaction and also Islamic financial Literacy had statistically positive and insignificant effects on customer satisfaction. The qualitative finding supports the quantitative one and the bank developed better financial systems and its services quality and its practices were found in better position. Also, bank customer handling capability was exciting but absence of knowledge about Islamic finances and products and lack of branches limited the implementation of Islamic finance and its principle. As a result of this, the bank established an awareness creation mechanism and created awareness to facilitate Islamic banking principles implementation and open more branches to reach mass customers.

Key terms, Islamic financial literacy, risk attitude, religiosity, Bank reputation, customer satisfaction

CHAPTER ONE

INTRODUCTION

This chapter presents the background of the study, statement of the problem, research objectives and questions, significance of the study, scope of the study, definitions of terms and finally organization of the research.

1.1 Back background of the study

Today's business environment tends to be rapidly changed due to technological innovation, diffusion knowledge and unlimited customer demand and its variability. As a result business owners actively engage to meet the demand of their customer and to be competitive by using sophisticated and modern information and communication technology (Jordan, 2012 and Kumar & Phrommathed, 2006). Among those, the banking industry and the **banking sector is vital for economies** development and it needs more attention to retain, attract and satisfy their customers within the existing competitive and dynamic environment.

In addition, banks implemented customer focused technology driven banking systems to address the interest of their customers. However, the **banking industry is regulated by countries' federal governments, and sometimes state governments**. As a result of this, the country's political economy affected the development of Banks and customer centric service (Hirpo, 2022).

In relation to this, the emergence of modern Islamic finance is to provide alternative Sharia-compliant financial services and products for those who are not able to access conventional financial services due to religious rationale. According to Gait & Worthington (2007) Islamic finance as “financial institutions and products designed to comply with the central tenets of Sharia (or Islamic law) – is one of the most rapidly growing segments of the global finance industry”.

The history of Islamic finance dates back to the era of Prophet Muhammad (Mohamad, et al., 2013), from the rise of Islam until the 12th century. In the 1940s, the idea of establishing an interest-free banking system gained momentum in the theoretical arena, a milestone to modern Islamic finance (Alharabi, 2015).

As compared to other countries the establishment Islamic finance and Banking in Ethiopia is far behind due to the absence of legal requirements. After Monetary and Banking proclamation No. 83/1994 and the Licensing and supervision of Banking Business No. 84/1994 the legal basis for investment in the banking sector opened and different Banks in Ethiopia entered in the Bank Business.

Even though the Islamic finances and Banking are needs and additional legal requirements because these substantial numbers of Muslim populations were requesting the government for the opening of Islamic finance for many years. Taking the long request into account, the National Bank of Ethiopia (NBE) issued a Proclamation No: 592/2008 that allows interest free finance in 2008. Article 22, Sub article 2 of the proclamation states that “The National Bank may issue a directive to regulate banking businesses related to non-interest-bearing deposit mobilization and fund utilization” (Hailu, & Bushera, 2020).

The general conception of Islamic banking is that of an institution whose statutes, rules and procedures expressly state its commitment to Islamic law and to the banning of receipt and payment of interest on any of its operations in accordance with the Sharia principles. Likewise, the Ethiopian law defines Islamic banking as banking business in which “mobilization or advancing funds is undertaken in a manner consistent with Islamic law or Sharia principles”. Although conventional banking is a system based on interest-bearing loans, Islamic banking is not entirely different from conventional banking as both types of banks perform similar functions, such as saving deposits and consumer finances (Ahmed, 2020).

Through time, Ethiopia adopted Islamic banking through an interest-free banking window scheme in 2011 and In 2018 Ethiopia issued a national proclamation that allows full-fledged interest-free banks to operate in the country. Particularly, ZamZam bank S.C was the first bank to get a license from the National bank of Ethiopia to operate as a full-fledged Interest-Free Bank in the country. The bank is established to enhance financial inclusion with a special focus on the part of society that is alienated from the financial system due to their religious beliefs or other factors. At the time of its formation, ZamZam Bank managed to mobilize a subscribed capital of Birr 1.683 billion and a paid-up capital of Birr 872 million from 11,200 shareholders.

Until ZamZam Bank establishment, there is no financial institution that offers Islamic finance for a substantial number of the Muslim population who need sharia compliant finance (Bayrne and Anderson, 2015). Because of the low level of access to finance in Ethiopia and the unavailability of full-fledged interest free finance, Muslims are the double victim of financial exclusion.

In recent years, Islamic banking has become more and more popular, especially in nations with sizable Muslim populations (Rammal & Zurbruegg, 2007). In Ethiopia, Islamic banking is still in its early stages of development but the establishment of ZamZam bank enhances financial inclusion with a special focus on the part of society that is alienated from the financial system due to their religious beliefs or other factors.

Following the announcement, ZamZam Bank emerged as the first bank to receive a full-fledged, interest-free banking license from the National Bank of Ethiopia. From there, ZamZam has committed to implementing a customer-focused strategy centered on advancing its banking technology and financial solutions to provide full-fledged interest-free banking to society and looking to bring modern solutions to underbanked areas to foster sustainable economic growth.

In addition, ZamZam Bank governs with Sharia principle and the financial transaction, Islam prohibited dealing with Riba (interest), Gharar (uncertainty), Maisir and Qimar (Game of chance) (Ayub, 2007). According to Quranic teaching, trade is permissible and interest is prohibited (Quran: Al-baqarah: 275). However, interest is the backbone of the conventional financial system (Meera, 2002). For Muslims working with conventional banking is against the Sharia principle. This results in exclusion of the Muslim population from the financial system (Sain, Rahman & Khanam, 2016). The Ethiopian government is also working to maximize financial inclusion by expanding conventional banks and micro finances (Zwedu, 2014).

An interesting subject for inquiry is Addis Ababa, Ethiopia's adaptation of Islamic banking and potential research topics include examining how Islamic banking affects customer satisfaction; Furthermore, analyzing the obstacles and chances facing Islamic banking in Addis Ababa as well as the possibilities for customer inclusion and economic growth via Islamic banking may offer insightful information to stakeholders in the academic and business worlds.

The aim of research in the adoption of Islamic banking in Addis Ababa lies in understanding its potential impact on customer satisfaction, focusing on Zamzam Bank and also it focuses Islamic financial Literacy, Bank reputation, Religiosity and Risk Attitude.

1.2 Statement of the problem

In the financial industry, Islamic banking has become one of the most significant alternative funding sources. Muslims have long been increasingly rigorously forbidden, and risk is divided between the bank and the customer in line with the profit and loss sharing (PLS) principle. A Sharia law-compliant banking system promotes social responsibility, openness, and justice. It uses profit-sharing arrangements, allowing banks to stake in company gains or losses. It prohibits speculative activities like gambling and excessive risk-taking, promoting economic growth and financial inclusiveness by encouraging moral and responsible financial conduct (Kunhibava & Rachagan, 2011).

Financial customer inclusion has become a top priority for the global banking community. The financial sector is working hard to avail banking tailored to the particular business model to customers worldwide who previously had scarce access, if any, to essential banking tools. According to Gait & Worthington (2007) Islamic finance as “financial institutions and products designed to comply with the central tenets of Sharia (or Islamic law) – is one of the most rapidly growing segments of the global finance industry”.

Ethiopia is a country with a substantial number of Muslim populations and from the total population 35% to 40% are Muslims (World Factbook, 2016). However, until ZamZam Bank establishment, there is no financial institution that offers Islamic finance for a substantial number of the Muslim population who need sharia compliant finance (Bayrne and Anderson, 2015). Because of the low level of access to finance in Ethiopia and the unavailability of full-fledged interest free finance, Muslims are the double victim of financial exclusion. Moreover, with a significant Muslim population, Ethiopia offers an attractive market for Islamic banking, a sector that was untapped until the emergence of ZamZam Bank in 2021.

Today, Islamic banking and its financial products and services offered by ZamZam Bank comply with Islamic law. These may include profit-sharing accounts, Islamic mortgages, and other Sharia-compliant financial instruments (ZamZam Bank report, 2023). In addition, the

Bank report shows that an Islamic bank will help the country's financial landscape to expand and boost inclusion and a Shariah-compliant finance is anticipated to improve financial inclusion in the country and that will now be possible with ZamZam Bank's recent transformation.

ZamZam Bank, the first full-fledged interest-free bank in Ethiopia, is looking to bring these modern solutions to underbanked areas to foster sustainable economic growth. However, shareholders' anticipation of profit sharing remains high, with optimism about the future of the Islamic banking industry in the country is one of the motives to conduct this study. Also, the understanding of the unique features of Islamic banking including profit-sharing, risk-sharing, and ethical investment, and an evaluation of customer satisfaction with Islamic banking products and services are insights into whether the adoption of Islamic banking principles makes a significant difference in customer satisfaction levels. According to Ahmed, (2020) due to legislatives challenges the adopted model of Islamic banking cannot effectively serve the purposes for which it is set up, because both the Islamic banking and conventional banking are governed by the same legal framework in existing bank.

As a result, the researcher examined the impact of Islamic banking practices on customer satisfaction of ZamZam Bank, identifying areas for improvement and providing insights for other financial institutions considering adopting Islamic banking principles.

The other motivating factors are there was no study before to investigate the relationship between the Islamic Banking Adoption and Customer Satisfaction in ZamZam Bank of Addis Ababa and also **Zamzam bank creates** an alternative access to finance. Islamic financial institutions are rising globally **and** Ethiopia has lost so many investment opportunities because of the lack of Islamic banks. To use this comparative advantage the research needs to conduct a study focusing on the relationship between the adoption of Islamic banking principles and satisfaction among customers of ZamZam Bank in Addis Ababa, Ethiopia.

1.3. Research Questions

What is the effect of Islamic financial literacy on customer satisfaction of Zamzam Bank?

What is the effect of bank reputation on customer satisfaction of Zamzam Bank?

What is the effect of religiosity on customer satisfaction of Zamzam Bank?

What is the effect of risk attitude on customer satisfaction of Zamzam Bank?

1.4 Objective of the study

1.4.1 General objective

The main objective of this study was to examine the effects of Islamic banking adoption on customer satisfaction of ZamZam Bank, emphasizing Addis Ababa.

1.4.2 Specific objectives of the study

- To examine the effects of Islamic financial literacy on customer satisfaction of Zamzam Bank.
- To examine the effects of Bank reputation on customer satisfaction of Zamzam Bank.
- To examine the effects of religiosity on customer satisfaction of Zamzam Bank.
- To examine the effects of risk attitude on customer satisfaction of Zamzam Bank.

2.5 Hypothesis of the Study

- H0₁:Islamic financial literacy has NO statistically significant positive effect on customer satisfaction at Zamzam Bank
- H0₂: Bank reputation has NO statistically significant positive effect on customer satisfaction at Zamzam Bank
- H0₃: Religiosity has NO statistically significant positive effect on customer satisfaction at Zamzam Bank
- H0₄: Risk attitude literacy has NO statistically significant positive effect on customer satisfaction at Zamzam Bank

1.6. Significance of the Study

The results of the study helped different finance sector stakeholders, policy makers, Bank customers, researchers, practitioners, and others in many ways. This research gave relevant information for Zamzam Bank and their customers regarding the Adoption of Islamic banking.

In addition, the study helps researchers, policy makers, and other financial institutes by showing the general overawes of Islamic banking experiences. This study is especially helpful in filling this knowledge vacuum and offering insights into the workings of Islamic banking in

the nation. Finally, the study serves as a reference for anyone who is interested in conducting research in the study area.

1.7. Scope of the Study

The process of adoption of Islamic banking in customer satisfaction practices and principles in Addis Ababa, Ethiopia, was the main topic of the study. To this effect, the scope of study delimited to investigate the relationship between Islamic banking adoption and customer satisfaction of ZamZam Bank in Addis Ababa, Ethiopia.

Conceptually, the study delimited to Islamic banking adoption principles and customer satisfaction only. Geographically, the study focused on ZamZam Bank in Addis Ababa. Furthermore, the target respondents of the study are ZamZam Bank customers who are living in Addis Ababa.

1.8. Limitation of the study

Limitations are shortcomings, conditions or influences that cannot be controlled by the researcher. There were some factors, which affected the study. Among these factors, one limitation of the research title "The Effect of Islamic Banking Adoption on Customer Satisfaction in Addis Ababa: The Case of Zamzam Bank" is the potential lack of generalizability. Since the study focuses on a specific location (Addis Ababa) and a specific bank (Zamzam Bank), the findings may not be applicable to other regions or banks. This could limit the broader implications and relevance of the research results. Additionally, the sample size and demographic characteristics of the customers surveyed may also impact the generalizability of the findings.

1.9 Definition of Key term

Adoption: - The process by which an individual or group accepts and utilizes a new product, idea, or technology (Rogers, 2003).

Islamic banking, referred to as Islamic finance or Shariah-compliant finance and the financial activities that adhere to Shariah (Islamic law).

Risk attitude: - describes people's perceptions of uncertainties when making a decision.

Islamic Financial Literacy: - is “the ability of a person to use financial knowledge, skill, and attitude in managing financial resources according to the Islamic teachings” (Rahim, Rashid, and Hamed 2016).

Religiosity is one’s belief in the existence and attributes of God or other supernatural powers (Huber and Huber, 2012).

Bank reputation: - is a collective representation of a bank's past actions or the result of good quality, condition of scale and the diversity of services/products (Lewis and Soureli, 2006).

1.10 Organization of the study

The study comprised five main chapters. Introduction, research background, statement of the problem, significance, research questions, objectives, scope of the study and organization of the study were covered in the first part. The second part is dedicated to theoretical perspectives and literature reviews Islamic banking (finance) and customer satisfaction. Research design and methodology, sampling technique, data collection instruments, method of data analysis, validity and reliability of data are presented in chapter three. In the fourth chapter, data presentation, analysis, interpretation and discussion were carried out. Finally, the last part deals with a summary of major findings, conclusions and recommendations of the study.

Chapter Two Related Literature review

Introduction

This chapter presents a wide range of relevant literature reviewed with special reference to literature pertaining to Adoption of Islamic Banking and factors affecting financial satisfaction of customers. To this effect a variety of sources such as textbooks, journals, official documents, seminar papers, different websites and unpublished thesis are reviewed and incorporated with the concepts.

2.1 Islamic Banking adoption

In this study, the word ‘adoption’ means to take or follow by choice or assent. Adoption refers to how well consumers are able to receive a product or service as well as how likely they are to use the product or service in the future. The term “Islamic Banking” is defined as the conduct of banking procedures in coherence with Islamic teachings. The main doctrines of Islamic banking activities consist of prohibition of interest (Riba) in all forms of transactions undertaking business and trade activities, based on fair and legitimate profit and loss sharing (Tara, Irshad, Khan, Yamin, & Rizwan, 2014).

Moreover, the concept of Islamic banking is not new globally and Islamic banking is very easily getting recognition in the financial market. The Islamic banking system was introduced due to the reason that there was the need for financial institutions for Muslim customers who could satisfy their needs and demands.

Moreover, Islamic banking is governed with shari'ah rules and prohibited with an interest based system hence the Muslims need an interest free institute which provides them the Islamic platform for their financial transactions. The Islamic finance is defined as a financial service or product principally implemented to comply with the main tenets of Sharia (or Islamic law).

Likewise, Islamic banking refers to financial services provided by Sharia, or Islamic law, and how Islamic economics has developed to put this law into practice. In line with Islamic law, Islamic banking seeks to advance risk-sharing, justice, and fairness. It is forbidden to pay interest or invest in unethical businesses (Alam et al., 2017). Islamic banking uses equity participation methods to share profit and loss rather than traditional interest-based loans or profit-sharing agreements.

In addition, Islamic banking is well-defined as consistent with Sharia (Oshodi, 2014; and Zaman, 2015). The Islamic principles include: interest-free transactions; partnership based on profit and loss sharing; the removal of gharar (uncertainty) in economic activity; transactions must be linked to the real economy; only permissible industries allowed; and charity and social development (Ariff, 2014; Kettell, 2010; Warde, 2010).

Interest Free Banking has emerged as one of the most rapidly expanding sectors in the global financial system, that emerged as an alternative financial system which is in line with values and ethos of Islam, and governed by the principles of Sharia Law that requires avoiding any unethical practices in achieving its goals and objectives (Ahmad, 2012)

According to Mariadas, & Murthy (2017); HC, (2022) and Tara, Irshad, Khan, Yamin, & Rizwan, (2014) various factors affect the adoption of Islamic banking and its implementation such as compatibility, customer satisfaction, Bank reputation, Islamic financial literacy, religiosity, risk attitude, risk perception and consumer knowledge towards Islamic banking. Moreover, the research finding focusing on, customer behavior towards Islamic banking services (the relationship between customers and Islamic banking services) shows that, awareness of customer, bank reputation, perceived complexity, perceived compatibility, perceived risk, relative advantage, religiosity, and social influence on customer intentions helps to adopt Islamic banking services (Echchabi and Aziz, 2012; Kaabachi and Obeid, 2016; Souiden and Jabeur, 2015; Souiden and Marzouki, 2015).

2.2 Factors affecting Islamic Banking

Different scholars identified the factors that affect Adoption of Islamic Banking. For the purpose of this study Bank reputation, Islamic financial literacy, religiosity and risk attitude are considered (Mariadas, & Murthy 2017; HC, 2022 and Tara, Irshad, Khan, Yamin, & Rizwan, 2014).

2.2.1 Islamic financial literacy

Financial literacy can affect a person's behavior. When a person does not have good financial literacy, he/she can make mistakes in making financial decisions. Therefore, financial literacy is the key to decision-making (Ateş et al., 2016).

Moreover, financial literacy refers to the level of understanding, awareness, and knowledge people have about the use of financial instruments. Consumers of Islamic banking can be empowered to make informed and more strategic financial decisions through increasing their financial literacy. The financial industry in Muslim regions has been flooded with numerous financial instruments both of conventional and Islamic categories (Zaman, Mehmood, Aftab, Siddique, & Ameen, 2017).

According to Akhtar (2007) financial literacy as a measure of the level or degree to which one has an adequate level of understanding about key financial concepts, measures, and approaches and possessing the ability and confidence to manage one's personal finances in the short and long run keeping in view the changing economic conditions.

Rahim, Rashid, and Hamed (2016) proposed a conceptual definition of Islamic Financial Literacy by keeping a close relationship with the general definition of financial literacy and defined it as “the ability of a person to use financial knowledge, skill, and attitude in managing financial resources according to the Islamic teachings”.

Additionally, financial literacy is associated with financial knowledge, financial ability, financial education, and financial competence. Muslims must acquire Islamic financial literacy and they should have sufficient financial knowledge within the framework of their ideal life and behave for the good of humankind. Islamic financial literacy enables people (especially Muslims) to understand Shariah compliance practices in Islamic financial institutions and manages Shariah risks.

Muslims should behave according to Sharia in Islamic financial transactions (Bhatti, 2020). Acquiring Islamic financial literacy will strengthen the foundation of ethics and morality in contemporary economics and finance. Masudul and Choudhury (2020) argue that ethics and morality are needed in economic and financial studies. The main difference between the philosophy of conventional financial literacy and Islamic financial literacy is the orientation of the individual or society in engaging in interest-based transactions. The basis of Islamic finance is strict adherence to Islamic law (Sharia) and the prohibition of interest in financial transactions (Bhatti, 2020).

According to Mustafa Kevser and Mesut Dogan (2021) Islamic finance is a value and asset-based system and it strives to achieve Islamic goals such as social equality, poverty reduction, and human welfare. In this context, Islamic financial literacy can be defined as understanding and applying finance based on Islamic law (Masudul and Choudhury, 2020). Bhatti (2020) distinguishes the concepts of financial knowledge and financial literacy from each other and defines Islamic financial literacy as “knowledge acquired through the use of Islamic financial products and concepts”.

Muslims face many challenges towards Islamic financial literacy. They do not understand Islamic finance and how to handle financial services using Islamic financial literacy (Aziz et al., 2015 and Zaman et al., 2017).

However, financial literacy research, emphasizing on the adoption of Islamic banking services, and financial satisfaction with the use of Islamic banking services are important. The research results can be used to improve Islamic banking services. Previous research has shown that the determinants of the adoption of Islamic banking services and financial satisfaction are very important. Appropriate steps can be taken by Islamic financial institutions to compensate for the intense competition in this industry (Lajuni et al., 2017; Kaabachi and Obeid, 2016; Peng et al., 2019). Institutional factors such as secure facilities can influence people in adopting Islamic banking services and financial satisfaction (Amin et al., 2013)

Also, if they have good Islamic financial literacy, they must have proper information about interest rates, national economic conditions, personal finances, and growth rates. Islamic financial literacy is not easy to understand because Islamic financial literacy believes in Islamic faith and teachings (Bananuka et al., 2019 and Sudarsono et al., 2020). Islamic financial literacy standardizes financial products and investors and business holders have a view that Islamic financial literacy will change personal attitudes towards the adoption of Islamic banking. Islamic financial literacy is correlated with the adoption of Islamic banking (Ayinde and Echchabi, 2012; Albaity and Rahman, 2019; Firdaus et al., 2007).

Islamic financial literacy has a strong relationship with the adoption of Islamic banking products, and Islamic financial literacy also encourages individuals to take part in risky investments. Good Islamic financial literacy includes having correct information about interest rates, national economic conditions, personal finances, and growth rates. The challenge for Muslims is to find the type of financing regarding Islamic terms and conditions. Islamic financial literacy is not easy to understand because it believes in the faith and teachings of Islam (Antara et al., 2016). Islamic financial literacy standardizes financial products, investors, and business holders and has a broad view of adopting Islamic banking products (Bin Abdullah et al., 2015).

2.2.2 Religiosity

Religiosity is defined as the doctrine of one's beliefs about God or other supernatural powers. According to Huber and Huber (2012), religiosity is a person's beliefs about the existence and attributes of God. Someone is considered to have a religious experience when she/he has been able to determine the emotional attitude for something that supports and/or against the religious beliefs. Kaawaase and Nalukwago (2017), and Muslichah and Sanusi (2019) found a positive relationship between religiosity and customer intention to adopt Islamic banking services in Uganda and Indonesia. The same result was found by Obeid and Kaabachi (2016) who proved a strong relationship between religiosity and intention of adopting the service from Islamic banks in Tunisia.

Someone afraid about Allah's punishment, the more he/she will show a favorable perception of Islamic banking. The more someone believes in Islamic law, the more they support Islamic banking products. However, religiosity has no significant effect on consumer intentions to use Islamic financing products (Amin et al., 2011). Obeid and Kaabachi (2016) found that religiosity is an important element because it can influence individuals in terms of cognition and behavior. In contrast, the research conducted by Bananuka et al. (2019) shows that religiosity has a positive relationship with the intention to adopt Islamic banking. As part of ideology, religiosity has been shown to have a positive relationship with the adoption of Islamic banking intentions (Kaawaase et al., 2019).

1.2.3 Perceived Risk

Perceived risk can be defined as the level of and nature of uncertainty that the consumers experience in his effort to use a particular product or service (Yahaya et al, 2014). Further, perceived risk represents an uncertain, probabilistic potential future outlay". In simple terms, perceived risk is the ambiguity that consumers have before purchasing any product or service (Rattanaburi & Vongurai, 2021). According to Kholid (2019), and Nguyen and Nguyen (2020) showed a negative relationship between risk and intention to adopt Islamic banking services. Risk involves uncertainty about the effects/implications of activity with respect to something that human's value, often focusing on negative, undesirable consequences. Echchabi and Aziz (2012a), showed that customers attempt to avoid risk by minimizing the use of Islamic banking services. Furthermore, Thambiah et al. (2011) found that the reason why customers are less

interested in adopting Islamic banking services is that Islamic banks are considered riskier in the absence of guaranteed profits from Islamic banks.

Moreover, Islamic banking applies banking tasks along with borrowing and lending but without the usage of interest (Illias, 2012) and lack of interest has caused both benefits and disadvantages to its users. According to the Islamic principles, a user of Islamic banking may receive his benefit in trade and investment as a form of return only if he assumes some risk of his own through the means of risk sharing (Yahaya et al, 2014). In addition, Islamic banking will normally only undertake projects with low risks so as to protect their clients and choose only reliable investment decisions. Credit risk management has to be taken as an important role by Islamic banks if they aim to sustain their customers as it affects the customer's confidence towards the banks and is one of the means that will enable the banks to continue operating. Assuming a lower risk could help Islamic banks to achieve the goal of competency and profitability.

2.2.4 Bank reputation

Reputation is also an Islamic banking adoption criterion. The opinion that people have about what something is like based on what has happened in the past is concerned with building a reputation. Bank Reputation seems to have a high impact on selection criteria of Islamic Banking (Mubeem Ur Rehman, 2011).

Also, the relationship between bank reputation and the customer intention to adopt Islamic banking services has been examined by many researchers (Lateh et al., 2009; Peng et al., 2019). The results of the study by Dusuki and Abdullah (2007) and Echchabi and Aziz (2012a) showed that the combination of service quality and financial reputation has an effect on the customer's intention to adopt Islamic banking services for customers in Malaysia. Ismail et al. (2014) showed that there is a strong relationship between the reputation of Islamic banks and the intention of Malaysian customer's intention to adopt Islamic banking services. Likewise in Tunisia, Chebab and Zribi (2012) revealed that customers are very concerned about the reputation of banks in determining the type of banking services which will be used. In line with that, the study by Kaabachi and Obeid (2016) found a strong relationship between bank reputation and customer intention in using Islamic banking services. By considering the result

of previous studies related to the bank reputation and customer intention to adopt Islamic banking services, the following hypotheses can be formulated.

2.3 Financing facilities of Islamic bank

The commercial financing instruments provided by Islamic banks are based on the Islamic Shariah. The instruments along with the mode of Islamic Shariah are described below (Ahmed, Rahman, & Ahmed, 2006).

Musharaka: it stands for a partnership that shares both profit and loss. Such a joint venture way of financing is designed to limit production or commercial activities of long duration. Under Musharaka, the bank and the customer jointly contribute capital as well managerial expertise and other essential services at agreed proportions. Profit or losses are shared according to the contract agreed upon (Ahmed, Rahman, & Ahmed, 2006).

Mudaraba: refers to a contract between at least two parties in which the bank as the investor supplies the entire capital of the business. Hence, a relationship is formed in which banks act as the supplier of capital. The entrepreneur acts as the manager of capital only. When the venture ends, the manager of capital i.e. the entrepreneur pays the entire capital back to the bank, along with an agreed proportion of profit. If there is any loss, it is borne by the bank (Ahmed, Rahman, & Ahmed, 2006).

Bai-Murabaha: - is a cost-plus profit/mark-up contract. In this system of financing the bank agrees to purchase for a client. The client will then repay the bank within a stated time period at an agreed upon profit margin. The markup price that the bank and the buyer agree to is mainly based on the market price of the commodity. In this financing, the bank earns a profit without bearing any risk (Ahmed, Rahman, & Ahmed, 2006; IBBL, 2008).

Bai-Salam: refers to a sale in which an advance payment is made for a later delivery. Usually the seller is an individual or business and the buyer is the bank. Both the banks and sellers get benefits in principle. The banks lock in the price at which the commodities will be purchased and upon delivery can profit for selling the commodities. On the other hand, by receiving advance payments for commodities, the seller can use the money for meeting various financing

needs, particularly any working capital requirements (Ahmed, Rahman, & Ahmed, 2006; IBBL, 2008).

Bai-Muajjal: refers to a contract resembling credit sale. Under this type of contract, the seller sells certain specific goods to the buyer at an agreed fixed price payable at a certain fixed future date in lump sum or in fixed installments. The sold goods must be allowed under both Shariah and the law of the country. Under this type of financing, Islamic banks buy goods for those who need them and then receive a fixed payment for the goods at a later date (IBBL, 2008).

Ijarah: refers to leasing in Islamic finance. Leasing by Islamic banks is very similar to the leasing of conventional banks. It is argued that: “The leasing agreement is based on profit sharing in which the bank buys the movable or immovable property and leases it to one of its clients for an agreed sum by installments and for a limited period of time into a savings account held with the same bank. These installments are invested in Mudaraba investment for the customer’s account. The accumulated profit generated from the payments, and the payments themselves are invested in the bank’s investment ventures over the time period of lease, contributing to eventual purchase of the leased assets.” The difference of Islamic banking lease with the traditional lease is that under Islamic banking leasing the risk related to leasing is shared between the lessee and lessor (Ahmed, Rahman, & Ahmed, 2006; IBBL, 2008).

Qard: refers to interest-free loan provided by Islamic banks to its clients. The main aim of this loan is to help needy people in a society in order to make them self-sufficient and to raise their income and standards of living’ (Ahmed, Rahman, & Ahmed, 2006; IBBL, 2008).

According to (Abedifar, Ebrahim, Molyneux, Tarazi, 2016) all Ethiopian banks with certificate of interest free bank window they should adopt the following four basic principles in their operation.

a) Prohibition of interest (Riba): Interest means a fixed predetermined amount in addition to the principal. It prohibits Riba, which is the taking or giving of interest (Abedifar et al., 2016). The fundamental reason for the prohibition of interest in Islam is that profit should not be obtained from the exchange of money for money; rather profit should be earned from trade in goods and services. Islam, however, permits a return on capital, provided that capital

participates in the productive process and is exposed to business risk (Abedifar et al., 2016; Hassan & Lewis, 2014).

b) Prohibition of speculation (gharar): The term gharar refers to economic transactions that have absolute or excessive uncertainty or risk or hazard in business transactions (Abedifar et al., 2016). More so, it means transactions that have too much risk and are therefore linked to gambling. Since interest free banking prohibits gambling, deceit or fraudulent activities, which are examples of activities involving uncertainties that cause great loss to one party and unreasonable profit of the other party.

c) Interest free banking prohibits Maisir, refers to unethical activities and social vices, such as bribery, prostitution, drug abuse, alcohol and gambling. Islam prohibits these practices as bad social undesirable practices because they adversely affect justice and fairness in financial transactions, lead to the exploitation of one party to a contract and are detrimental to human life and societal well-being (Hassan & Lewis, 2014).

d) Social Justice: Islam prohibits Muslims from any transactions leading to injustice and exploitation of any kind. So Interest free banks can not engage in any transactions that will lead to exploitation of any party.

1.4 Financial customer satisfaction

Finance is an important life domain in modern society. Financial satisfaction is a difficult construct to define and measure and also no consensus has been reached regarding how it might best be described or measured (Joo & Grable, 2004). However, financial satisfaction serves as an important mediating factor between income and subjective well-being (Diener and BiswasDiener 2002). Besides, financial satisfaction has long been considered an important component to consumer life satisfaction and well-being. Further, financial satisfaction is explored in the context of personal characteristics related to financial knowledge (both objective and subjective), as well as self-reported financial behaviors (Woodyard, & Robb, 2016).

According to Joo, & Grable, (2004) financial satisfaction is determined with demographic and socioeconomic characteristics of people, financial behaviors, financial solvency, financial attitudes and financial knowledge either positive or negative.

Many researchers examine contributions of life domain satisfactions, including financial satisfaction, to quality of life (Michalos 2008). Like other domain satisfactions, financial satisfaction contributes to life satisfaction (Bowling and Windsor 2001; Xiao et al. 2009).

According to Hsieh (2004) financial satisfaction has focused on potential effects of different income measures or financial capability. Financial capability refers to people's ability to manage and take control of their finances and it is closely related with financial literacy and financial behavior (Taylor 2011).

Financial literacy is an important component of financial capability. According to Fox and Bartholomae (2008) financial literacy is positively associated with financial capability, which in turn results in financial satisfaction. Also, financial literacy or financial knowledge has impacts on financial satisfaction.

2.5 Ethiopian Islamic Bank practices

In recent years, interest in Ethiopia's adoption of Islamic banking has grown. The potential and difficulties of Ethiopia's recently implemented full-fledged interest-free banking system were examined in a study by Hailu and Bushera. According to the study, Ethiopia presents a significant opportunity for Islamic finance due to the country's high demand for interest-free banking services and a substantial number of banked customers. Nonetheless, the primary obstacles to the industry are recognized as being the unfavorable attitudes towards Islamic banking, the difficulties with the legal system, and the dearth of knowledgeable and proficient personnel. The report suggests that to address the weaknesses, the Ethiopian government makes accommodating changes to the legislative frameworks and that educational institutions offer courses, seminars, and training in Islamic finance (Hailu & Bushera, 2020).

Also, Ethiopia has witnessed an upsurge in interest in Islamic banking since the Interest-Free Banking & Finance Institute (IBFI) was established in 2019. The IBFI, an alliance between IOU and TTG, aims to develop Islamic banking and provide human resources for the Islamic financial services industry in Ethiopia and beyond Africa (IBFI – Interest-free Banking & Finance Institute, 2024). By implementing an interest-free banking window in 2011 and full interest-free banking by the end of 2019, Ethiopia integrated Islamic finance into its financial

system (HAILU & BUSHERA, 2020). However, there have been certain legal obstacles to Ethiopia's acceptance of Islamic banking.

Adoption of Islamic banking products and services in ZAMZAM Bank and its impact on financial satisfaction among customers in Addis Ababa aims to investigate how Ethiopia's ZAMZAM Bank, an Islamic bank, has modified its offerings to meet the needs of its clients and how these modifications have affected those clients' financial satisfaction. For Islamic banking products and services to be relevant and accepted by clients, local context adaptation is essential (Abdullahi et al., 2021).

The study will presumably look into the particular tactics used by ZAMZAM Bank to modify its goods and services for the Ethiopian market, as suggested by the research question. Understanding the particular financial requirements and preferences of Addis Ababa's clientele, creating products that satisfy their demands by Sharia law, and making sure the bank runs by Islamic law.

The study also aims to assess the effect of these modifications on clients' financial happiness. Financial contentment is a term used to describe how satisfied clients are with a financial institution's offerings in terms of goods, services, and general banking experience. The study can offer insights into how well ZamZam Bank's tactics satisfy the demands and expectations of its clients by looking at how adaptability affects financial happiness.

2.6 Empirical Study

To conduct this study the researcher reviewed various empirical studies. Among thus the most related ones were reviewed and incorporated in the study. According to HC (2022) research result, Islamic financial literacy has a positive effect on the adoption of Islamic banking products. Bank reputation has a positive effect on the adoption of Islamic banking. Religiosity has a positive effect on the adoption of Islamic banking. The risk attitude affects the adoption of Islamic banking. Adoption of Islamic banking mediates the effect of Islamic financial literacy, bank reputation, religiosity, and risk attitude on financial satisfaction. The results of the study add to the literature and the results of empirical studies of Islamic financial management. Provide recommendations for Islamic Bank policies, namely: policies to increase

Islamic financial literacy, bank reputation, risk attitude, adoption of Islamic banking, and financial satisfaction to improve the welfare and performance of the bank.

Moreover, Zaman, Mehmood, Aftab, Siddique, & Ameen, (2017) research finding the majority of the research participants have concerns about the legitimacy of Islamic banking services, the customer quality, quality of services and products, legitimacy of the Islamic banking system as operated, and the related factors. Further, it was found that the level of educational attainment among the masses, customer services, service quality, and legitimacy of Islamic banking influence the rate of adoption of Islamic banking services. The State Bank of Pakistan and other regulatory bodies should promote Islamic financial literacy and Islamic banking products' awareness among customers to increase adoption of Islamic banking service.

Additionally, the research result shows that business players' intention to use Islamic banking products is influenced by religiosity, literacy and attitude. Meanwhile, the effect of Islamic financial literacy on the intention to use Islamic banking products shows a greater influence compared to other relationships. Knowledge, especially being financially literate is very important to increase the interest of industry players using Islamic products (Muslichah, & Sanusi, 2019).

Likewise, the results revealed that Islamic bank reputation, relative advantage of Islamic banking and its compatibility with consumer religious beliefs, values, lifestyle and banking habits influence positively the intention to use it (Kaabachi, & Obeid, 2016).

Islamic financial literacy is an important topic that has gained attention in recent years. According to Dinc et al., (2021) aimed to develop a valid and reliable Islamic financial literacy (IFL) scale that can capture all the segments of the Islamic financial sectors and which could be considered applicable to all jurisdictions across the globe.

An empirical analysis of the adoption of Islamic banking in Ethiopia, with a focus on Zamzam Bank, is provided by Hailu and Bushera's study (Albaity & Rahman, 2019). The study examines the impact of Islamic banking adaptation on financial happiness in the Ethiopian environment. The purpose of the study was to look into how, in the Ethiopian environment, Islamic banking affects financial contentment. A structured questionnaire was utilized to gather

data from 384 respondents as part of the study's quantitative research methodology. According to the survey, Ethiopians' financial contentment is positively impacted by Islamic banking. The survey also found that the primary obstacles facing the industry are a lack of knowledge about Islamic banking, a lack of a regulatory framework, and a shortage of knowledgeable personnel. According to the report, Ethiopian government legislation about Islamic banking should be established, and educational establishments should offer courses and training in Islamic finance to generate professionals for the industry.

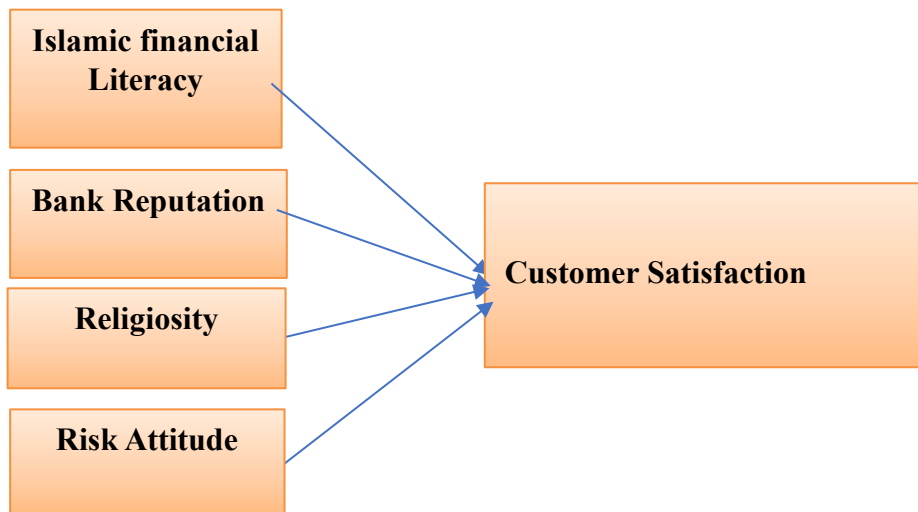
The research gap among the above study there are some studies overseas in relation with this study, the adoption of Islamic banking and its customer financial satisfaction. However, there is a gap between this study and those. Another study assessed the adoption of Islamic banking and customer financial satisfaction partially and used quantitative analysis. This study as much as possible incorporates all adoption of Islamic banking constituents (Islamic financial literacy, bank reputation, religiosity & risk attitude) to depict the overall impact of financial satisfaction. Hence, this study tries to fill the research gaps and investigate the effects of the adoption of Islamic banking on financial satisfaction customers through identified determinant factors.

2.7 Conceptual framework of the study

The study focuses on the effects of Islamic Banking adoption and financial satisfaction of customers in Zamzam Bank in Addis Ababa, Ethiopia. This to effectively identify dependent and independent variables is necessary. A concept that can take on different quantitative values is called a variable. If one variable depends upon or is a consequence of the other variable, it is termed a dependent variable, and a variable whose value determines the value of another variable is termed an independent variable. The following conceptual model shows that the dependent variable is financial satisfaction which is the variable of primary interest, in which the variance is attempted to be explained by the four independent variables which are: Adoption of Islamic banking, Islamic financial literacy, Bank Reputation, Religiosity & Risk Attitude (HC, 2022).

Independent Variables

Dependent Variable



Sources; (HC, 2022).

Figure 2. 1 Conceptual framework of the study

CHAPTER THREE: RESEARCH METHODOLOGY

Introduction

The term "research methodology" describes the methodical, scientific approach to problem-solving, data collection, and investigation that is utilized in research for a certain goal. To conduct the study this chapter outlines processes followed in the study by giving the research design, source of data, population of the study, sample and sampling techniques, data collection and analysis procedures, validity and reliability of the instrument and ethical consideration.

3.1 Study area description

This study focused on the adoption of Islamic banking and its financial satisfaction of ZamZam Bank customers in Addis Ababa. At the end of 2023 fiscal year ZamZam Bank had 39 Branches in Addis Ababa.

ZamZam bank S.C is the first bank to get a license from the National bank of Ethiopia to operate as a full-fledged Interest-Free Bank in the country. The bank is established to enhance financial inclusion with a special focus on the part of society that is alienated from the financial system due to their religious beliefs or other factors. At the time of its formation, ZamZam Bank managed to mobilize a subscribed capital of Birr 1.683 billion and a paid-up capital of Birr 872 million from 11,200 shareholders.

During 2018 Ethiopia issued a national proclamation that allows full-fledged interest-free banks to operate in the country. Following the announcement, ZamZam Bank emerged as the first bank to receive a full-fledged, interest-free banking license from the National Bank of Ethiopia. From there, ZamZam has committed to implementing a customer-focused strategy centered on advancing its banking technology and financial solutions to provide full-fledged interest-free banking to society.

The bank carries a huge responsibility at its back and with the strong commitment of its shareholders, the board, management, and professional employees; it primarily focuses on Shariah compliance, advanced technology, and excellent customer service starting from the first day of its business. Currently, the bank is progressing ahead with its effort to expand its branch network in the capital city and other parts of the country simultaneously by implementing digital solutions that have a far-reaching impact on its cherished customers.

The Bank expanded a wide range of products, including Wadih, Qard, and many related to Mudarabah profit sharing, Ijarah (lease financing) Musharaka, Murabaha, and other financing products of the bank. The Bank has a clear Vision and “To be the Leading Sharia Compliant and All-Inclusive Bank in Africa by the Year 2030”. Also, “ZamZam Bank is committed to demonstrating Sharia principles in harnessing sustainable financial resources, being a model of excellence through digitization and a competent workforce to realize our stakeholder’s values.”

3.2 Research Approach

The study focused on the investigation of the relationship between Islamic banking adoption principles and customer satisfaction of ZamZam Bank in Addis Ababa, Ethiopia. To choose a research method the understanding theoretical and philosophical frameworks and the acceptance of the underlying assumptions associated with each set of techniques and tools are necessary. In addition, there are several research approaches in conducting a research and the research approach also supports the researcher on how to come across the research result findings. According to Creswell, (2013) mixed research strategy is more useful to triangulate research results.

To address the key research objectives, this research followed a mixed approach. That is, both qualitative and quantitative approaches were applied in this research. The qualitative method used to find out a depth investigation of Islamic banking adoption and customer satisfaction. The quantitative research approach used in numeric explanation of the study and it helps to examine causal relationships of Islamic banking adoption principles and customer satisfaction. By using these two research approaches the researcher got adequate and relevant information from bank customers.

3.3 Research design

In order to answer basic research questions and research objectives appropriate research design selection are crucial effects for research results (Newing, 2011). A research design is a blueprint for research that guides the process from the formulation of research questions and hypotheses to reporting findings that aim to achieve the study's purpose (Kombo & Tromp, 2009).

To conduct the study the researcher employed descriptive and explanatory research design. A descriptive research design is a systematic method of collecting data from a representative sample and descriptive research design is the most appropriate design to get details of information (Lavrakas, 2008). Also, it aims to describe and analyze Islamic banking adoption and customer's satisfaction of ZamZam Bank of Addis Ababa.

On the other hand, this study belongs to the explanatory type of research purpose as the main objective is to test the relationships between Islamic banking adoption principles and customers satisfaction regarding existing theories. In addition, the causal research type used to examine

the nature of relationship and its impact between the independent variable and the dependent variable, which is the effect of adoption of Islamic banking on customers' satisfaction.

3.4 Population and Sample Design

Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran and Bougie, 2009). In addition, the population of the study is determined based on the sampling system and the target population of this research is ZamZam Bank customers who are living in Addis Ababa.

ZamZam bank S.C is the first bank to get a license from the National bank of Ethiopia to operate as a full-fledged Interest-Free Bank in the country. The bank is established to enhance financial inclusion with a special focus on the part of society that is alienated from the financial system due to their religious beliefs or other factors. The acceptance of Islamic banking and the degree of financial happiness among users of Islamic banking services was main subjects of the study. The study looks into the possible advantages of Islamic banking for Addis Ababa's citizens.

As of June 30/2023 ZamZam Bank reported the Bank had 39 branches and full-fledged Interest-Free Bank users or customers of the Bank reached 195,000. They are the only target respondents of this study, because the branches of the Bank and targeted respondents of the study are highly scattered and time taking to collect relevant data from those scattered banks customers and also for better data management the researcher identifies 6 branches to collect necessary data from Bank customers. The identified ZamZam Bank Branches are Merwa, Haji Tura, Anwar Mesgid, Merkato Meka, Pisa Nur and Sebara Babur Furkan. To conduct the study the researcher used only these branches because of better data management and easy data collection.

3.4.1 Sampling techniques

In order to confirm generalization and validity of the study, taking sufficient sample size and utilizing sampling techniques is given special concern, hence the researcher specifies questionnaires respondents. To conduct the study the researcher selected ZamZam Bank customers, they were the only target respondents in the study.

The data collected through a random sampling method. The researchers selected respondents

or customers from 6 branches of ZamZam Bank in Addis Ababa, because it was difficult to collect data from 39 Bank branches. As a result, the researcher took representative samples from the entire population adequately. Due to the homogeneity of target respondents and Bank services the research collects necessary data from Merwa, Haji Tura, Anwar Mesgid, Merkato Meka, Pisa Nur and Sebara babur Furkan customers by using probable (simple random) sampling techniques. The total customers of 6 selected banks were 3670 according to the information of the human resource department of the Bank.

On the other hand, the researcher employed two key informative interviews purposely from bank managers and employees.

3.4.2 Sampling Size determination

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample (Singh, 2008). The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample.

According to Kumar (2002), an optimum sample size is one of fulfilling the requirements of efficiency, representativeness, flexibility and reliability while taking into consideration the constraints of time and cost. As a result of this, to determine the sample size take into account the acceptable confidence level and true representation of the sample. Hence, for the purpose of this study Yamane, (1967) formula is employ.

$$n = \frac{N}{1 + N(e)^2} \quad \text{Where}$$

n =required sample size

e^2 = error rate which is 0.05

N = Target population

$N=19500$

$$n = \frac{3670}{1 + 3670 (0.05)^2} = \underline{361}$$

The sample size (with finite population correction) is equal to 360.7 i.e. **361**. The detailed information is given below the table.

Table 3. 1 population of study

No	Name of branch	Number of customer	Sampled respondents
1	Merwa,	587	Took sampled proportionally
2	Haji Tura	612	
3	Anwar Mesgid	688	
4	Merkato Meka	648	
5	Pisa Nur	592	
6	Sebara babur Furkan	543	
	Total	3670	361

Source, Human resource department of the Bank (June 30/2023).

3.5 Data Sources and methods of data collection tools

The researcher used primary and secondary data sources to conduct this study. The primary data are reliable and have a more confidence level of decision-making with the trusted analysis having directly intact with the occurrence of events. The primary data collection methods for this study were questionnaire and interview. The questionnaire was designed to gather information of Islamic banking adoption and customer satisfaction of ZamZam Bank of Addis Ababa. Also, the questionnaire administered to the selected sample of 392 customers.

There will be two primary components to the questionnaire. The primary goal of the first portion will be to compile the respondents' age, gender, income, and level of education. Inquiries on the adoption of Islamic banking, such as knowledge of and use of Islamic banking services and products, motivations for selecting Islamic banking, and general satisfaction with Islamic banking, will be covered in the second section.

An interview questionnaire involves a series of open ended questions emphasizing on the Islamic banking adoption and customer satisfaction of the bank. The open-ended nature of the questions help to get details of information about the issues and it supports the qualitative finding of the study. In order to get this information the researcher uses one manager and one employee of the Bank.

3.6 Secondary Data

Secondary data is typically collected by summarizing existing literature in the form company manuals & reports, financial documents, procedures, policies, regulations, and standards were taken into account for the review. In addition, literature, reputable journals, books, different articles, periodicals, and websites are sources to be considered as secondary data on Islamic Banking adoption and customer satisfaction of the Bank.

3.7 Methods of Data Analysis

After the data collection the researcher employed descriptive and inferential data analysis techniques using the help of Statistical Package for the Social Sciences (SPSS, version 21).

The Interview and open-ended **questionnaire data were analyzed** with descriptive research techniques. Basically it describes the existing status, trend and state of adoption of Islamic banking and financial satisfaction of Bank customers. Also, a profile of the respondents was produced by utilizing descriptive statistics to assess the demographic data gathered from the questionnaire.

On the other hand, inferential data analysis used and performed various statistical tests including with Pearson correlation and regression analyses to examine the relationship between Islamic banking adoption and customer satisfaction of ZamZam Bank.

Specifically, the researcher used Pearson Correlation to identify the relationship between Islamic banking adoption and customer satisfaction. Furthermore, the researchers applied regression analysis to test the hypothesis and to achieve the study objective that focuses on identifying the effects of Islamic banking adoption on customer satisfaction.

Moreover, Multiple Regression Analysis Model used to develop a self-weighting estimating equation by which to predict values for a dependent variable from the values of independent variables, to control confounding variables to better evaluate the contribution of other variables, or to test and explain a causal theory. The formula of multiple regression models in this research is shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where Y = Customer satisfaction

β_0 is regression constant,
 $\beta_1 - \beta_5$ regression coefficients,
 X_1 is Islamic financial Literacy
 X_2 is Bank Reputation
 X_3 is Religiosity
 X_4 is Risk Attitude
 ε model's error term.

3.8 Reliability and Validity test

Reliability test is established by testing for both consistency and stability of the answer question. Alpha Cronbach is a reliable coefficient that can indicate how good items in an asset have positive correlation with one another (Sekaran, 2006). As a result, before the actual data collection, pilot tests with a limited number of participants were carried out to verify the validity and reliability of the questionnaire. The participants in the pilot test provided feedback and suggestions were utilized to enhance the questionnaire's relevance and clarity. The Cronbach Alpha reliability statistics coefficient should be more than 0.7 the study pass test reliably.

Table 3. 2 Reliability Test

Variables	Cronbach's Alpha result	No of items
Islamic financial Literacy	.847	6
Bank Reputation	.881	7
Religiosity	.821	4
Risk Attitude	.815	6
Customer satisfaction	.825	6
Total	.868	29

Source, Survey result, 2024

On the other hand, validity is the degree to which the interpretations and concepts have mutual meanings between the participants and the researcher. In addition, to answer the issues of validity the researcher selected appropriate data collection instruments and followed scientific research procedures.

3.9 Ethical Considerations

Ethical Considerations is important to consider moral principles during conducting a research. The researchers ensured that ethical guidelines were followed throughout the research process. This includes obtaining informed consent from participants, ensuring confidentiality of data, and protecting the privacy of participants.

Participants were informed about the purpose of the study, their rights as participants, and the voluntary nature of their participation. They assured that the responses of participants would be kept confidential and used only for research purposes. Any personal identifying information was removed from the data to maintain anonymity.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

INTRODUCTION

This chapter presents the analysis of data, obtained from questionnaires and interviews. Descriptive and inferential statistics applied to present the results of the questionnaire and interview data. In order to answer the research objective, the study examined the relationship between Islamic banking, the adoption and customer satisfaction of ZamZam Bank in Addis Ababa. The results of study presented after here.

4.1 Response Rate

A total of 361 questionnaires were distributed to sampled human resources of ECWC and 351 questionnaires were used to conduct this survey, which accounted for 97.2 % response rate. The remaining 2.8% of the questionnaire were uncollected and rejected. The response rate was adequate to process the data analysis and make inferences about population.

4.2 Demographic Characteristics of the Respondents

This section describes the frequency distribution of respondents' personal or demographic characteristics. The demographic characteristics of respondents included in the study were sex, age, educational background, monthly income and current services quality of the bank.

Table 4 2 Respondent's characteristics in sample survey

Description	Category	Frequency	(%)
Sex	Male	210	59.8
	Female	141	40.2
Age	18-29 years	94	26.8
	30-39 years	137	39.0
	40-49 years	74	21.1
	above 49 years	46	13.1
Educational background	Under 12 Grade	73	20.8
	Diploma	137	39.0
	First degree	111	31.6
	Masters and above	30	8.5
Bank service quality	low	65	18.5
	Medium	191	54.4
	High	95	27.1
Monthly Income	Below 10,000	103	29.3
	10,001 – 20,000	128	36.5

	20,001 – 30,000	63	17.9
	30,001 – 40,000	47	13.4
	Above 40000	10	2.8

Source: Survey result, 2024

Tables 4.1 above show that, out of the 351 respondents, 210 (59.8%) were males while 40.2% were females. This means that, there is no equal sex distribution for ZamZam Bank customers and majority of them were male. From the above table, the majority, 65.8% of the respondents/customers had productive age; they are the age range between 18 and 39 years.

As indicated in the table above the educational level of the respondents are appropriate and good knowledge about research topics. Particularly, 39 and 31.6% of the respondents had a diploma and Bachelor's degree holder's respectively. The Bank service provision and its quality were better and 54.4% and 27.1% of the respondents the Bank service quality was moderate and high respectively. In addition, monthly income of the respondents were relatively good and 34.1`% of the respondents had earned above 20,000 birr monthly. This indicates that the Bank has an opportunity to form financial flows of customers.

4.3 Correlation analysis

One of the objectives of this study was to examine the causal relationship of Islamic banking adoption and customer satisfaction. To answer it Pearson correlation analysis was applied and it examines the linear relationship between independent variables and dependent variables. In addition, Pearson correlation analysis showed the direction and strength of identified variable relationships. Particularly this study, explained the relationships of Islamic banking adoption and customer satisfaction of ZamZam Bank in Addis Ababa.

According to Dancey and Reidy (2004), correlation coefficient results greater than 0.7, it indicates a strong correlation between variables, correlation coefficient results found between .30 to .70 are deemed moderate correlations and also correlation coefficient results below 0.30 are weak correlation. **Below table 4.3, correlation matrices indicate that all** identified variables had statistically a positive significant relationship for customer satisfaction with p-value = 0.000. Below this table, shows the facts.

Table 4 3 correlation matrices table

Variables	Islamic financial Literacy	Bank Reputation	Religiosity	Risk Attitude	Customer satisfaction
Islamic financial Literacy	1				
Bank Reputation	.323**	1			
Religiosity	.646**	.427**	1		
Risk Attitude	.646**	.464**	.714**	1	
Customer satisfaction	.599**	.496**	.710**	.746**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey result, 2024

According to table 4.3 above, absence of risk attitude and religiosity had positive, direct and strong relationship with ZamZam Bank customer satisfaction with $r = 0.746^{**}$ and 0.710^{**} , respectively. In addition, Islamic financial Literacy and Bank reputation were moderate relationship for customer satisfaction with $r = .599^{**}$, and $.496^{**}$ consecutively. This implies that, Islamic banking adoption is strongly impacted with bank customer satisfaction, hence bank strategic management and other responsible bodies of the bank consider those issues to enhance loyal and satisfied customers; and leads bank competitiveness and profitability.

4.4. Multiple Regression assumptions

Multiple regressions revealed that, the causal relationship of dependent and independent variables however, the relationship will be accurate, necessary assumptions test should be needed before analysis of multiple regressions. In order to get the most reliable and trustworthy results, the researcher verified a few assumptions regarding the variables. Therefore, before analysis and reached conclusion the researcher tested necessary multiple regression assumptions such as multicollinearity, linearity and normality of tests. These necessary tests are shown below.

4.5.1 Multi-collinearity Test

The presence of a high degree of correlation between two or more independent variables results in a problem of multicollinearity (Kothari, 2004). To address the issue of multicollinearity there

is no unique least-squares solution; however, the presence of multicollinearity problem checked the assumption of tolerance and Variance Inflation Factors (VIF) of the linear regression.

Multicollinearity is a problem when there is a high level of correlation between two or more independent variables and also incorporate unnecessary variables in the regression models (Kothari, 2004). However, there isn't a unique least-squares solution to the multicollinearity problem, its existence checked by the assumptions test of variance inflation factors (VIF) and tolerance values.

According to Andy (2006), the tolerance value below 0.1 and the variance inflation factor above 10 indicate the existence of a multicollinearity problem. On the other hand, the tolerance values of all independent variables above 0.1 and also the variance inflation factor of the variable below 10 indicates there is no multicollinearity problem. As indicated in Table 4.4 below, the researcher has confirmed that there is no multicollinearity problem between the predictor variables hence the multiple regression analysis going on.

Table 4 4 Multicollinearity test distribution result

Model	Collinearity Statistics		The assumption test
	Tolerance	VIF	
Islamic financial Literacy	.513	1.950	shows that There is no Multicollinearity problem
Bank Reputation	.766	1.306	
Religiosity	.422	2.371	
Risk Attitude	.406	2.463	

Source: survey result 2024

4.5.2 Linearity Assumptions

In multiple regressions linearity assumptions estimate the accuracy of variable relationships and the dependent and independent variable relationships are linear in nature. The relationship is not linear; the results of the regression analysis will underestimate the true relationship. Most of the time, a normal p-p plot can be used to verify the residuals' normality. The plot shows that the points generally follow the normal (diagonal) line with no strong deviation. This indicates that the residuals are normally distributed. According to the information in figure 4.2 below indicated Normal P-P Plots show that this assumption had been met for this study.

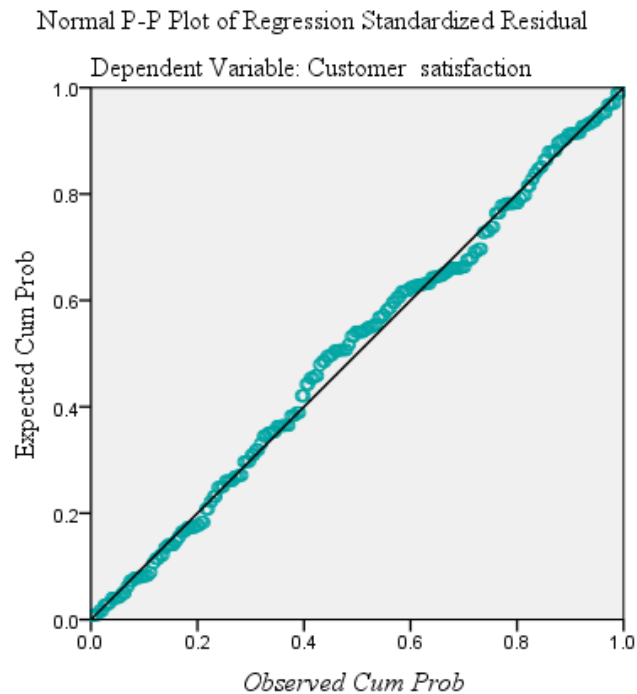


Figure 4 1 Normal P-P Plot of dependent variable

4.5.3 Normality Test

Normal distributions of the variables are required for the outcomes of the regression analysis. The researcher employed histograms to demonstrate the normalcy of the variables to their normal distributions. It is considered that the data for the dependent variable is normally distributed when histograms are around zero (Osborne and Waters, 2002). According to the information in figure 4.1 below, the skewness and Kurtosis are not far from zero or between them the zero value is indicated. Thus, the result assured that the distribution is normal for this study.

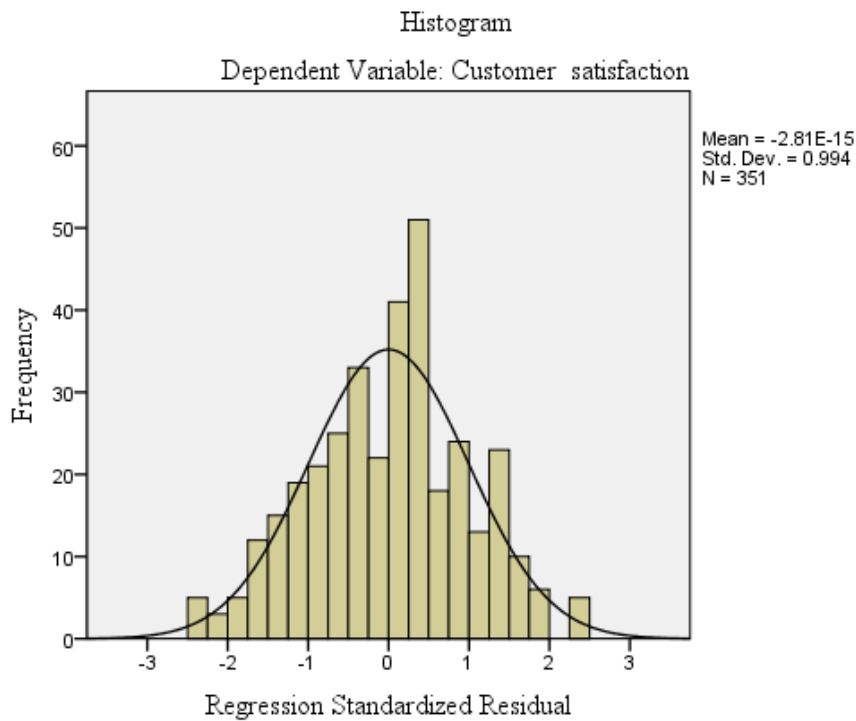


Figure 4 2 Histogram regression of standardized residual dependent & independent variables

4.5. Regression analysis

Multiple Regressions of analysis is conducted to investigate the influence of independent variables on the dependent variable. As a result, this study analyzes the impacts of each independent variable (Islamic financial literacy, bank reputation, religiosity, risk Attitude) and predicts dependent variable customer satisfaction. The details of the regression result and its discussion were given below.

Table 4 5 Regression analysis output

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.802 ^a	.643	.639	.46995

a. Predictors: (Constant), Islamic financial literacy, bank reputation, religiosity, risk Attitude

b. Dependent Variable: Customer satisfaction

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	137.704	4	34.426	155.876	.000 ^b
Residual	76.416	346	.221		
Total	214.120	350			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Islamic financial literacy, bank reputation, religiosity, risk Attitude

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.326	.214		-6.190	.000
Islamic financial Literacy	.156	.068	.103	2.290	.023
Bank Reputation	.238	.058	.152	4.139	.000
Religiosity	.414	.070	.293	5.917	.000
Risk Attitude	.589	.074	.400	7.942	.000

a. Dependent Variable: Customer satisfaction

Source: Survey result, 2024

The research finding table above shows that, Islamic banking adoption had a paramount significance for customer satisfaction of ZamZam Bank. Further, Islamic banking adoption of ZamZam Bank had statistically positive significant effects on customer satisfaction.

Particularly, risk attitude and religiosity had statistically strong significant effects on customer satisfaction with higher beta value of 0.589 and 0.414 respectively. This implies that there is no risk attitude in ZamZam Bank and also bank religiosity based services provision strongly impacted customer satisfaction.

Additionally, Bank reputation had statistically moderate and significant effects on customer satisfaction with a higher beta value of 0.238. On the other hand, Islamic financial literacy had statistically positive and insignificant effects on customer satisfaction with low beta value, which is 0.156

The model summary table 4.19 shows that the value of R squared indicates the dependent variable (customer satisfaction) is explained (impacted) by all independent variables with R² result 0.643 or 64.3% which shows overall impacts or evaluation of the model. As depicted in the ANOVA table 4.5 the significance value of F statistics is 0.000 which is less than 0.05. This also shows that there is a significant relationship between the dependent and independent (Islamic financial literacy, bank reputation, religiosity, risk and attitude) variables. This indicated the Islamic banking adoption contributes to the enhancement of customer's satisfactions.

The qualitative research finding also supports the above correlation and regression analysis result. According to the bank, the bank developed better financial systems and Islamic financial practices of the bank found in a better position as it can be seen in its current status. In addition some open ended questionnaires and interview participants told that as beginners the service quality and customers handling capability of the bank were exciting but absence of knowledge about Islamic finances and products limit the implementation of Islamic finance and its principle. This awareness gap coming from the only responsible body to create awareness was left for religious organization until this time.

On the other hand, other customers/ respondents need to improve bank deposits and financial flows or transactions, dollar exchange and mobile banking services, financial laws and regulations, and the practices of Islamic finances and products services provision and its quality.

Also, the open ended questionnaires participants raised challenges, like others banks there network problems and lack of branches limit mass customers' service provisions.

Finally, the participants recommended that the bank create better awareness about Islamic finances and products and open more branches to reach mass customers.

2.7 Hypothesis test and discussion

H₀₁: Islamic financial literacy has NO statistically significant positive effect on customer satisfaction of Zamzam Bank; the intended null hypotheses are rejected. This finding supports H₁, which argued that there was a statistically insignificant and positive effect of Islamic financial literacy on customer satisfaction, since $B=.156$ and $p\text{-value}=0.023$) which is less than 0.05. The research findings of HC, (2022) support the study and according to him/her the

Islamic financial literacy has a positive effect on the adoption of Islamic banking products. However, Islamic financial literacy and public perception have no significant effect on public interest in Islamic banking services (Yeni, Mulyani, & Susriyanti, 2023).

H0₂: Bank reputation has NO statistically significant positive effect on customer satisfaction of Zamzam Bank; the intended null hypotheses are rejected. This study's findings indicates that the Bank reputation had a positive and moderate significant effect on customer satisfaction in ZamZam Bank, since the p-value is less than 0.05 ($p=.000$). According to Kaabachi, & Obeid, (2016) the results revealed that Islamic bank reputation, relative advantage of Islamic banking and its compatibility with consumer religious beliefs, values, lifestyle and banking habits influence positively the intention to use it.

H0₃: Religiosity has NO statistically significant positive effect on customer satisfaction of Zamzam Bank; the intended null hypotheses are rejected. The result of this analysis supports H0₃ which shows that Religiosity had statistically strong significant and positive effect on customer satisfaction, since $B=0.400$ and $p\text{-value}=0.000$) which is less than 0.05. Similarly, HC, (2022) research finding shows that religiosity has a positive effect on adoption of Islamic banking. Also, spiritual intelligence has a positive and significant effect on public interest in Islamic banking services and Public behavior can be improved with the religiosity community, thereby increasing interest in saving in Islamic banks (Yeni, Mulyani, & Susriyanti, 2023).

H0₄: Risk attitude has NO statistically significant positive effect on customer satisfaction of Zamzam Bank; the intended null hypotheses are rejected; The result of this analysis supports Ha₄ which shows that absence risk attitude had statistically the strongest significant and positive effect on customer satisfaction, since $B=0.589$ and $p\text{-value}=0.000$) which is less than 0.05. According to HC (2022) research result, the risk attitude affects the adoption of Islamic banking. The results of the study add risk attitude helps for financial satisfaction and improve the welfare and performance of the bank. Moreover, Zaman, Mehmood, Aftab, Siddique, & Ameen, (2017) research finding the majority of the research participants have concerns about the legitimacy of Islamic banking services, the customer quality, quality of services and products, legitimacy of the Islamic banking system as operated, and the related factors.

The overall results of the study and others scholar's research finding shows that, Islamic banking adoption improved customers satisfaction with some degree of discrepancy. As a result

the bank managed the Adoption of Islamic banking principle and its implementation properly to get maximum comparative advantage.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

This chapter gives a summary of the findings, conclusion, and recommendations of the study. It also emphasizes recommendations for further research.

5.1 Summary of the Research Findings

This study's major purpose was to examine the relationship between Islamic banking adoption and customer satisfaction of ZamZam Bank in Addis Ababa. To answer this objective, the researcher used descriptive and explanatory research design with mixed (quantitative and qualitative) research approach. Also, 351 questionnaires were used to conduct this study, then major research findings presented after this.

This study finding shows, in the bank there is no an equal sex distribution and (59.8%) of the total respondents were male, majority, 65.8% of the respondents/customers had productive age; they are the age range between 18 and 39 years, educational level of the respondents are appropriate and good knowledge about research topic, and 39 and 31.6% of the respondents had a diploma and Bachelor's degree holder's respectably. In addition, Bank service provision and its quality were better and 54.4% and 27.1% of the respondents the Bank service quality was moderate and high respectively and also monthly income of the respondents were relatively good and 34.1`% of the respondents had earned above 20,000 birr monthly.

The correlation and regression research finding shows that, Islamic banking adoption had a paramount significance for customer satisfaction of ZamZam Bank.

Particularly, absence risk attitude and religiosity had statistically strong significant effects on customer satisfaction with higher beta value of 0.589 and 0.414 respectively. This implies that there is no risk attitude in ZamZam Bank and also bank religiosity based services provision strongly impacted customer satisfaction.

Additionally, Bank reputation had statistically moderate and significant effects on customer satisfaction with a higher beta value of 0.238. On the other hand, Islamic financial Literacy had statistically positive and insignificant effects on customer satisfaction with low beta value, which is 0.156

The qualitative research finding revealed that the bank developed better financial systems and Islamic financial practices of the bank found in a better position as it can be seen in its current status. With Regards to some open ended questionnaires and interview participants, as beginners the services quality and customers handling capability of the bank were exciting but absence of knowledge about Islamic finances and products limit the implementation of Islamic finance and its principle. This awareness creation is left for religious organizations, hence the banks and other responsible bodies try to participate in the awareness creation process.

On the other hand, other customers/ respondents need to improve bank deposits and financial flows or transactions, dollar exchange and mobile banking services, financial laws and regulations, and the practices of Islamic finances and products services provision and its quality.

Also, questionnaire participants raised challenges, like others banks there network problems and lack of branches limit mass customer's service provisions. Finally, the participants recommended that the bank create better awareness about Islamic finances and products and open more branches to reach mass customers.

5.2 Conclusions

The study examined the relationship between Islamic banking adoption and customer satisfaction of ZamZam Bank. The research finding revealed that the adoption of Islamic banking principles had a paramount significance for customer satisfaction of the Bank. In addition, absence risk attitude and religiosity had statistically strong significant effects on customer satisfaction. This implies that ZamZam Bank customers have fully trusted the bank services and they are excited for religiosity based services.

Further, Bank reputation had statistically moderate and significant effects on customer satisfaction and also Islamic financial Literacy had statistically positive and insignificant effects on customer satisfaction hence the bank needs some intervention to improve Islamic financial Literacy or awareness and bank reputation. In addition, as beginner the services quality and customers handling capability of the bank were exciting but absence of knowledge about Islamic finances and products limit the implementation of Islamic financial and its principle

In relation, the bank developed better financial systems and improved the practices by using better awareness creation and opening more branches.

5.3 Recommendation

The adoption of Islamic banking was significantly important for increments of customer's satisfaction in ZamZam Bank. As a result, this study shows the relationship between the Islamic banking and customer satisfaction. Based on the research findings Islamic banking adoption was very important for the enhancement of customer's satisfaction. In addition, the bank developed better financial systems and Islamic financial practices of the bank found in a better position as it can be seen in its current status. After this the researcher forwarded the following suggestion by analyzing the overall finding.

- Risk attitude and religiosity had statistically strong significant effects on customer satisfaction hence ZamZam Bank strategic members, decision makers, and others practitioners understand the greater impacts of **them seriously implemented to maximized** customer satisfaction.
- The bank established an awareness creation mechanism and created awareness to facilitate Islamic banking principles implementation and improved the insignificant effects of Islamic financial Literacy.
- Through adoption of Islamic banking, the bank easily enhanced loyal and satisfied customers hence the bank used the comparative advantage to increase its competitiveness and profitability.
- The Bank established acceptable financial systems and the practices of it found in better position hence the bank try to sustained it to retains existing customers
- This awareness creation of Islamic banking and its principles left for religious organization, hence the banks and other responsible bodies try to participate in the awareness creation process.
- Bank reputation had statistically moderate and significant effects on customer satisfaction hence the bank worked to build bank reputation and to catch up customers easily,
- To hold existing customers and keep their satisfaction the bank improved deposit and financial flows or transactions, dollar exchange and mobile banking services, financial laws and

regulations, and the practices of Islamic finances and products services provision and its quality.

- The bank creates better awareness about Islamic finances and products and opens more branches to reach mass customers.
- Likewise, policy makers, researchers, business owners, bank managers, government bodies and other responsible bodies should understand the positive impacts of adoption of Islamic banking and forwarded the best solution for its implementation.

5.4 Further research

The researcher recommends further investigation in-depth regarding ZamZam Bank customer's satisfaction comparable with other Banks.

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Annex I English Version questionnaires

ST MARY UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Dear Respondents: - The main objective of this questionnaire is to investigate the relationship between the adoption of Islamic banking principles and financial satisfaction among customers of ZamZam Bank in Addis Ababa and it is used for academic purposes only. Your genuine and complete answers have great input to the outcomes of the research. Therefore, the researcher kindly asked you to give valid responses to the questions below. The answers you provide on each paper will be used for research purposes only and confidential. No need to write your name on the paper, your answer is the only required thing.

Thank you in advance for your cooperation!

Part I: general Information about the respondents.

Instruction one: Answer the following questions by choosing the appropriate alternative and tick mark (✓) on the space provided.

1. Sex: 1) Male ☐ 2) Female ☐
1. Age: 1) 18-29, ☐ 2) 30-39 ☐ 3) 40-49 ☐ 4) Above 49 ☐
2. Level of education that you have completed
 - 1) Under 12 Grade ☐ 2) Diploma ☐
 - 3) First Degree ☐ 4) Second degree and above ☐
4. Bank service quality for you?
 - 1) High ☐ 2) medium ☐ 3) low ☐
5. Monthly Income in Birr
 - Below 10,000 ☐ 10,001 – 20,000 ☐ 20,001 – 30,000 ☐
 - 30,001 – 40,000 ☐ Over 40,000 ☐

Part II: Bank service and financial satisfaction

This section aims to measure Bank service quality and financial satisfaction of customers at ZamZam Bank. The scale focused on the Islamic banking principles indicators; - Islamic financial literacy, bank reputation, religiosity & risk attitude. The questionnaires prepaid five point Likert scale (1- strongly disagree, 5- strongly agree). Put a tick mark (✓) on the appropriate response boxes in front of the statements. (1= strongly disagree 2= disagree 3 = partially agree 4=Agree, 5 = strongly agree

Service measurement and its item description	Strongly disagree	Disagree	Partially agree	Agree	Strongly agree
1. Islamic financial Literacy	1	2	3	4	5
Q1.1 The employee of the bank have good understanding about Islamic financial concepts					
Q1.2 The bank have sufficient financial knowledge about Islamic finance					
Q1.3 The bank give standard services by keeping Islamic finance principle fully					
Q1.4 The bank create adequate awareness about Islamic finance					
Q1.5 The bank adequately promotes Islamic values.					
Q1.6 The bank have sufficient expertise, who have adequately understand Islamic banking principles					

2. Bank Reputation	1	2	3	4	5
Q2.1 The bank has good reputation					
Q2.2 The Bank has reputation of honesty					
Q2.3 the bank gives good care for customers					
Q2.4 bank has a reputation of being transparent with customers					
Q2.5 The bank build the reputation with Islamic Banking principle					
Q2.6 The bank assisted to get Islamic finance products and services properly					
Q2.7 The employees of the bank familiar to provide services with Islamic Banking principle					
3. Religiosity	1	2	3	4	5
Q3.1 Adoption of Islamic banking helps to keep Islamic financial doctrine					
Q3.2 The bank implemented full-fledged Islamic finance					
Q3.3 Islamic financial system successfully carried out in the bank.					
Q3.4 The bank customer successfully serve with Islamic law					
4. Risk Attitude	1	2	3	4	5
Q4.1 The customers trusted for Bank financial services					
Q4.2 The employees are polite and give services with Shariah principles					
Q4.3 Conventional banking system influenced for yours bank services					

Q4.4 The Bank and their employees are committed to implemented Islamic financial doctrine					
Q4.5 The bank easily understand the attitude of Islamic banking customers					
Q4.6 Countries laws and regulation fully recognized Islamic financial services and product					
5 Customer financial satisfaction	1	2	3	4	5
Q5.1 In most ways the Islamic financial service of the Bank close to my expectations					
Q5.2 The Islamic financial service of the Bank is excellent					
Q5.3 I am satisfied with the financial service of the of the bank					
Q5.4 The financial transaction of the bank is acceptable					
Q5.5 Financial culture of the bank is excited					
Q5.6 The bank gives standardized financial services relying on Islamic teachings					

❖ If you have additional suggestions related to adoption of Islamic banking principles and financial satisfaction ZamZam Bank. Please forward the current status and practices of Bank Services, awareness, reputation and challenges encountered during its implementation and the mechanism/ possible measure to improve Islamic financial services and products.

❖ Current practices of Islamic financial services and products -----

-----::

❖ Challenges encountered during implementations -----

-----::

❖ Possible measure to improved Islamic financial services and products -----

-----::

❖ Write yours financial satisfactions level and factors to improved it

-----::

Thank you for taking your time to complete this questionnaire.

Annex II Interview questions

1. How do you see the adoption of Islamic banking? Discusses the current practices and implementation status of ZamZam bank?
2. Is there any relationship between the adoption of Islamic banking and customer financial satisfaction? Discuss in details?
3. Are there any challenges encountered during implementations of Islamic banking principles? Discuss if any
4. Discussed possible measures to improve Islamic financial services and products?
5. Explain the financial satisfactions level of ZamZam Bank and any factors to improve its services.